

Cost-Containment Activities Planned for FY11
DRAFT - FOR DISCUSSION ONLY

Program Area	Activity	GF Savings (Range)	Proposed Target Completion Date
General Benefit Reductions/ Restrictions	Establish tighter limits, criteria, and payment provisions for medical supplies and DME.	\$ 85.0 - \$ 105.0	Target completion: 8/10
	Eliminate meals and lodging benefits for recipients outside of their community who are being treated on an outpatient basis for an approved service. (Note: This will not affect Native Americans receiving services through IHS.)	\$ 100.0 - \$ 250.0	Target completion: 8/10. Regs have not been issued.
	Discontinue payments for attendants for out-of-state meals and lodging. (Note: Current benefits are already quite restrictive and are primarily for attendants to young children or to adults when necessary to provide out-of-facility care, as attested to by a physician.)	\$ 25.0 - \$ 100.0	Target completion: 8/10. Regs have not been issued.
	Tighten or eliminate the transportation fund used to pay recipients for traveling over 65 miles from their community, and contract the management of non-emergency transportation to the TPA contract.	\$ 20.0 - \$ 75.0	Target completion: TBD. Regs have not been issued.
General Fund Savings (Range): \$230.0 - \$530.0			
Dental Benefit Reductions/ Restrictions	Adult dental criteria - full mouth or panoramic x-ray changed from one every 3 years to one every 5 years.	\$ 40.0 - \$ 60.0	Target completion: 8/10
General Fund Savings (Range): \$40.0 - \$60.0			
Long-Term Care Benefit Reductions/ Restrictions	Move FMA functions for <i>Mi Via</i> to ACS to receive higher FMAP rate. (Note: Savings will be achieved in FY12 and beyond; not in FY11.)	N/A (Savings will be achieved in FY12 and beyond; not in FY11.)	Target completion: 7/10
	Tighten PCO benefit.	\$ 3,500.0 - \$ 5,000.0	Target completion: 9/10
	Limit the cost of providing services to participants in the community to not exceed costs of providing services to participants residing in nursing facilities.	\$ 50.0 - \$ 150.0	Target completion: 9/10
	Incentivize the use of Medicare Special Needs Plans (SNPs).	\$ 500.0 - \$ 1,500.0	On target as part of contract negotiations.
	Increase administrative efficiencies in CoLTS.	\$ 150.0 - \$ 250.0	On target as part of contract negotiations.

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Long-Term Care Benefit Reductions/ Restrictions, cont.	For <i>Mi Via</i> , separate the medical eligibility determination process from the assessment used to determine the individualized budget; and develop an acuity assessment instrument that links service and support needs to an individualized budget (within a range).	TBD	Target completion: TBD. ALTSD to address this activity.
	For <i>Mi Via</i> , develop an assessment that helps determine the level at which an individual is able to self-direct with consideration of natural supports.	TBD	Target completion: TBD. ALTSD to address this activity.
	Limit <i>Mi Via</i> through a cap in goods and services. (Decisions are pending by the HSD, DOH and ALTSD; cap will require a waiver amendment, regulation change, and service standards.)	TBD	Target completion: TBD. ALTSD to address this activity.
General Fund Savings (Range): \$4,200.0 - \$6,900.0			
Behavioral Health Benefit Reductions/ Restrictions	Restrict CCSS to providers certified as a CSA.	\$ 200.0 - \$ 300.0	Target completion: 10/10
General Fund Savings (Range): \$200.0 - \$300.0			
Insure NM	Modify SCI DME benefit.	\$ 50.0 - \$ 90.0	Target completion: 7/10
	Modify SCI pharmacy benefit.	\$ 800.0 - \$ 900.0	Target completion: 7/10
	Identify enrollees with HIV/AIDS and have DOH contribute capitation/ premium (state share)	\$ 100.0 - \$ 200.0	Evaluating
	Childless adults and parent waiver: Reinstate premiums for individuals at or below 100% FPL.	\$ 3,500.0 - \$ 4,500.0	For discussion
	Childless adults and parent waiver: Reinstate premiums for employers of employees at or below 100% FPL.	\$ 300.0 - \$ 450.0	For discussion
	Childless adults: Eliminate add-on employees to enrolled groups.	\$ 75.0 - \$ 150.0	Evaluating
	Parents: Eliminate add-on employees to enrolled groups.	\$ 25.0 - \$ 100.0	Evaluating
General Fund Savings (Range): \$4,850.0 - \$6,390.0			
Rate Changes/ Reductions	Implement a pharmacy dispensing fee reduction to \$2.50 (from current rate of \$3.65) when generic drugs are not substituted per state statute. Also implement not paying more than 340B pricing for pharmacy items purchased under federal 340B rules.	\$ 15.0 - \$ 40.0	Target completion: 7/10 (notice signed and completed 5/10)

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Rate Changes/ Reductions, cont.	Maintain current nursing home rates through regulation changes.	N/A (Budget neutral)	Target completion: Summer 2010
	Decrease out-of-network payments to 90% of the Medicaid FFS fee schedule.	\$ 175.0 - \$ 300.0	Target completion: 8/10
	Cost-settle border area and out-of-state hospitals annually.	\$ 25.0 - \$ 75.0	Target completion: 8/10
	For psych hospitals and inpatient psych units for BH managed care, implement negotiated rates rather than paying a percentage of billed charges when providers are not cost-settled for psych hospital outpatient managed care. Implement prospective rates for outpatient hospital reimbursement that are based on cost to charge ratios.	\$ 75.0 - \$ 200.0	Target completion: 9/10
	Implement a fee schedule-based reimbursement methodology for outpatient hospital services based on Medicare principles (Outpatient Prospective Payment System (OPPS) or APCs).	\$ 15.0 - \$ 60.0	Target completion: 9/10
	Implement changes to 340B pricing for hospitals not to pay more than 340B prices paid by the hospital. (Note: This is also a federal requirement.)	\$ 1,500.0 - \$ 1,800.0	Target completion: 10/10
	Implement "generics first" PDL, "script limits", and develop specific policies for high-cost drug items; including finalizing pharmacy management plan.	\$ 1,800.0 - \$ 2,200.0	Target completion: 10/10
	Retroactively cost-settle in-state hospitals for drug items back to 2005.	\$ 3,400.0 - \$ 4,000.0	Target completion: TBD
	Retroactively cost-settle border area hospitals back to 2005.	\$ 1,400.0 - \$ 1,800.0	Target completion: TBD
General Fund Savings (Range): \$8,405.0 - \$10,475.0			
Managed Care Efficiencies	Reduce cap rates for emergency room readmissions.	TBD	Target completion: 8/10
	Re-bid all managed care lines of business	\$ 3.0 - \$ 5.0	Evaluating
General Fund Savings (Range): \$3.0 - \$5.0			
Co-Pays	Implement co-pays for emergency room use and pharmacy. (Savings based on co-pays of \$3 for ER services and \$5 for brand drugs.)	\$ 1,375.0 - \$ 1,500.0	Target completion: TBD

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Co-Pays, cont.	Implement co-pays for DME benefits and medical supplies: \$5 for disposable medical supplies (limit to no more than a 30 day supply); \$25 for DME purchases (i.e., wheelchairs); \$5 for DME monthly rate.	\$ 75.0 - \$ 96.0	Target completion: TBD
	Implement co-pays for nutritional supplement benefits at \$3.	\$ 0.9 - \$ 1.4	Target completion: TBD
	Implement co-pays for rehabilitative services for adults, at \$3 per visit.	\$ 13.8 - \$ 23.8	Target completion: TBD
	Implement additional co-pays as appropriate (including BH services) and based on ease of implementation.	\$ 400.0 - \$ 800.0	Target completion: TBD
General Fund Savings (Range): \$1,864.7 - 2,421.2			
Administrative Changes	Reimplement school payment of state share.	\$ 2,500.0 - \$ 3,500.0	Target completion: 7/10
	Modify NMRx administration.	\$ 40.0 - \$ 50.0	Target completion: 7/10
	Require NDC on medical claims in order to collect drug rebates.	\$ 50.0 - \$ 150.0	Target completion: 9/10 for all CMS required NDC numbers (and 1/11 for all other drug items)
	Tighten timely claims filing for most providers from 120 days to 90 days and limit the number of days a provider has to resubmit claims denied due to provider error.	\$ 100.0 - \$ 130.0	Completed: 5/10 (effective date following transition 8/15/10)
	Implement claiming federal drug rebates on managed care pharmacy drug items as allowed by changes in health reform legislation, effective 3/23/10.	\$ 1,000.0 - \$ 1,600.0	Target completion: 10/10 retroactive to 3/23/10
General Fund Savings (Range): \$3,690.0 - \$5,430.0			
Total General Fund Savings (Range): \$23,482.7 - \$32,511.2			